

**Memorandum**

**To:** Judge Ed Emmett  
Commissioner El Franco Lee  
Commissioner Jack Morman  
Commissioner Steve Radack  
Commissioner Jerry Eversole

**From:** David Turkel, Director *DT*  
Community Services Department

**Date:** August 5, 2011

**Re:** HUD's Annual Assessment of CSD's Housing & Community  
Development Operations

**Cc:** Dick Raycraft, Management Services  
Craig Atkins, CSD  
Daphne Lemelle, CSD  
Christy Lambright, CSD

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Attached is HUD's Annual Community Assessment for Harris County for the 2010 Program Year. It provides a summary of our activities.

We are quite proud of the excellent review.



**U.S. Department of Housing and Urban Development**  
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**JUL 25 2011**

Mr. David Turkel, Director  
Harris County Community Services Department  
Harris County  
8410 Lantern Point Drive  
Houston, TX 77054

Dear Mr. Turkel:

**SUBJECT:** Annual Community Assessment for the 2010 Program Year  
(March 1, 2010 through February 28, 2011)  
Harris County, Texas

Under the Housing and Community Development Act of 1974 and the National Affordable Housing Act of 1990, HUD is required to conduct an annual assessment of performance to determine whether grant recipients are carrying out planning, activities and reporting within the statutory requirements. The evaluation of these actions is based upon the grantee's Consolidated Annual Performance and Evaluation Report (CAPER), data as reported in IDIS and other information available to this office.

Additionally, this office must determine that each recipient has the continuing capacity to implement and administer the programs for which assistance is received. The review consists of analyzing your consolidated planning and progress in carrying out the programs, the management of funds by Harris County and subrecipients, the annual performance report, and achievement of program objectives.

This office congratulates Harris County's progress and accomplishments during the past year on meeting stated goals and objectives of the Program Year 2010 Action Plan and the Harris County Consolidated Plan (2008- 2012).

Harris County was awarded the following funds for the 2010 Program Year (PY):

Community Development Block Grant (CDBG)	\$11,683,390
HOME Investment Partnerships Act (HOME)	\$ 3,706,885
Emergency Shelter Grant (ESG)	\$ 474,270

Additionally, Harris County received funding from American Recovery and Reinvestment Act of 2009 (ARRA) for the Community Development Block Grant – Recovery Act (CDBG-R) in the amount of \$2,919,475, and the Homelessness Prevention and Rapid Re-housing Program (HPRP) in the amount of \$4,463,961. Neighborhood Stabilization Program (NSP) funds were awarded to the County in the amount of \$14,898,027.

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*Primary Benefit:* During PY 2010, Harris County expended 98.15 percent of its CDBG funds for activities that benefit low-moderate-income (LMI) persons. Harris County has complied with the regulations at 24 CFR 570.200(a)(3). This meets the 70 percent minimum standard for overall program benefit.

*Overall Progress:* HUD's CDBG timeliness standard, at 24 CFR 570.902(a)(1)(i), states that 60 days before the end of the program year, a grantee must not have more than 1.50 program years of grant funds in its line of credit. When the 60-day test was conducted the drawdown ratio was 1.07 and consequently in compliance with HUD's timeliness standards.

*Planning and Administration:* The amount of funds expended on planning and administration with CDBG funds was 19.92 percent for this Program Year. Therefore, Harris County is in compliance with CDBG regulations at 24 CFR 570.200(g).

*Public Service:* The amount of funds expended on public service activities only applies to CDBG. Harris County's public service funds were expended at 12.50 percent. Harris County is found to be in compliance with public service cap of 15% in accordance with 24 CFR 570.201(e)(1).

*CDBG Accomplishments:* Eight areas of eligible non-housing community development areas were accomplished including public service, public facilities, infrastructure, crime awareness, special needs groups, workforce development and area benefit projects. Some of the projects are as follows:

1. Public service: A total of 51 funded projects; Senior Services, Services for the Disabled, Youth Services, Transportation, Substance Abuse, Battered and Abused Spouses, Employment Services, Health Services, Abused and Neglected Children and General Services
2. Public facilities: A total of 11 projects completed for Senior Centers, Neighborhood Facilities, Parks, Recreation Facilities and General Services
3. Infrastructure: A total of 15 projects were funded for Flood Drainage Improvements, Water/Sewer Improvement, Street and Sidewalk Improvements

*Housing and Homelessness:* CDBG funds were utilized for minor home repair and lead-based paint abatement and the services were provided to 42 households in Harris County.

*Home Program:* HOME Regulations require funds be committed/obligated within 24 months after the last day of the month in which HUD notifies the recipient of HUD's execution of the grant agreement in accordance with (24 CFR 92.500(d) (1) (B)). Furthermore, recipients are required to totally expend funds within five years of the grant award (24 CFR 92.500(d) (1) (C)). Additionally, 15 percent, at a minimum, of those funds are to be reserved for and used by Community Housing Development Organizations (CHDOs) as required by 24 CFR 92.300(a)(1). Harris County was found to be compliant with the HOME Program regulations for the PY 2010.

HOME Projects accomplishments are as follows:

<b>Project Title</b>	<b>Households Assisted PY2010</b>	<b>Funds Expended PY 2010</b>
City of LaPorte Northside Neighborhood	3	\$469,773
Jane Cizik Garden Place	0	\$907,708
Hamill Ranch	10	\$1,255,380
Pilgrim Place II	10	\$368,097
Sierra Meadows	0	\$1,888,733
Harris County CSD Downpayment Assistance	96	\$2,017,155
Harris County CSD (housing related services)	65	\$625,959

The project, Great Northwest CDC – Trace Meadows (the CDC), was identified in the CAPER as a project failing to meet service goals. The approved agreement for this project was between Harris County and the CDC for the acquisition of land and the construction of underground utilities and street paving of the development of 18 single family affordable housing units in northwest Harris County. In correspondence dated October 20, 2010, Harris County notified HUD its annual monitoring of the CDC revealed the subrecipient failed to properly report and document compliance with Davis-Bacon and Related Acts during the construction of the affordable housing units. In addition, it was determined that the general contractor had loaned the CDC working capital to implement the project, and secured such loan with first liens on the lots acquired with HOME funds.

To correct this noncompliance Harris County requested a voluntary grant reduction from the 2011 HOME funding award in the amount of \$443,500 that was approved by HUD.

*Emergency Shelter Grant:* Harris County assisted 9,848 homeless persons with shelter and supportive services with ESG funding. Two projects provided essential services, two projects addressed homeless services and five projects expended funds for operation and maintenance of emergency and transitional shelters.

Harris County has expended ESG funds in accordance with the spending caps to include a 30 percent cap for essential services, a 30 percent cap on homeless prevention and a 5 percent cap on administration.

*American Recovery and Reinvestment Act of 2009:*

- CDBG- R - Harris County expended \$2,626,388 on three projects for the modernization of infrastructure within Harris County Water Improvement District No. 36 through the replacement and rehabilitation of portions of the existing gravity wastewater system in the district.

- HPRP – Harris County expended \$1,903,598 and assisted 355 households with financial assistance, housing relocation and stabilization services and data collection and evaluation.
- NSP 1 – Harris County expended \$8,465,889 for the acquisition of 82 single-family, vacant, foreclosed homes of which 29 were acquired in PY 2010. The NSP program sold 55 homes during the PY to eligible NSP homebuyers. The County has also obligated \$4,000,000 for an 88-unit senior citizen rental development which is in progress. This development meets the NSP requirement that not less than twenty-five percent of the NSP grant funds be used for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50% of median income.

*Neighborhood Revitalization Strategy Area (NRSA):* The current status of the NRSA is reflected in the CAPER as follows:

1. Raymac Park :
  - Harris County has provided \$117,875 in CDBG General Funds to acquire land
  - Airline Improvement District contributed \$50,000
  - Texas Parks and Wildlife Department provide a grant for \$200,00
  - Project is currently under construction
2. Pedestrian and Bicycle Master Plan in 2009 through a partnership with Houston – Galveston Area Council (H-GAC)with the Airline Improvement District
3. Implementation of the pedestrian and bicycle related improvements with the use of congestion Mitigation Air Quality Funds, estimated date is in 2012
4. Funds for H-GAC Livable Centers Study for 2011- 2012 in the amount of \$120,00 to help create quality mixed use places that improve environmental quality and promote economic development and housing choice
5. Infrastructure Improvements : PY 2011 the Airline Improvement District was awarded \$720,00 in CDBG funds for the Northwest Service Zone #2, Design (Phase I), Lift stations (Phase II)and Water/Sewer (Phase III) (with future funding after 2011)
6. Spark Park:
  - Airline Independent School District awarded \$133,100 in PY 2011
  - Project is currently under construction

*Department of Fair Housing and Equal Opportunity (FHEO):* Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, or national origin in all HUD-assisted programs. Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) prohibits discrimination in the sale, rental and financing of dwellings based on race, color, religion, sex, or national origin. Title VIII was amended in 1988 by the Fair Housing Amendments Act to prohibit discrimination based on disability or on familial status. FHEO staff has the primary responsibility of ensuring compliance with fair housing laws. FHEO staff have reviewed the information submitted and they have not expressed any concerns for this CAPER.

## **Recommendations**

The CAPER should identify and provide specific information on the status of Community Development Housing Organization (CHDO) the entitlement community have partnered with. Previous communication with HUD identified Hamill Ranch as a CHDO project with Habitat for Humanity but the CAPER does not reflect this information. Hamill is identified as a HOME project only.

HUD has begun publishing a regular status report for HOME commitment, expenditure and Community Housing Development deadlines on the internet at the following site:

<http://www.hud.gov/offices/cpd/afordablehousing/reports/index.cfm>.

We strongly encourage Harris County to review this report in addition to other reports available from IDIS on a regular basis.

## **Conclusion**

Based on the review of information pertaining to your performance in the CDBG, HOME, ESG, HPRP, and the NSP programs during Program Year 2010, we have determined that Harris County has carried out its programs substantially as described in its Consolidated Plan. The Consolidated Plan submission as implemented complies with the requirements of the Housing and Community Development Act and other applicable laws and regulations. It has also been determined that Harris County has the continuing capacity to carry out its approved programs and that your overall progress and management of these HUD approved programs is highly satisfactory and generally consistent with HUD statutes and regulations. This determination, however, does not reflect a comprehensive evaluation of specific activities.

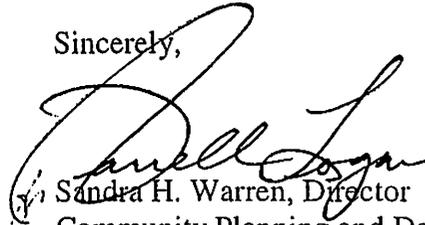
Please recognize that the comments and conclusions made in this letter are subject to a 30-day review and comment period by Harris County. We may revise this letter after consideration of Harris County's views and will make the letter, the comments and any revisions available to the public within 30 days after receipt of the comments. Absent any comments by Harris County, this will be considered the final letter on this subject.

## **Public Access:**

This report is intended to be shared with the public. You may provide copies to interested persons such as the news media, members of local advisory committees, and citizens attending public hearings. We also request that you provide a copy of this letter to the Independent Public Accountant who performs the single audit of the city in accordance with OMB Circular A-133.

If you have any questions regarding this letter please contact me or Joyce Young,  
Community Planning and Development Representative at (713) 718-3120.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sandra H. Warren".

Sandra H. Warren, Director  
Community Planning and Development